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be remembered that individuals may suffer disaster and banks heavy losses, even when times are generally good. In fact, it is always the case that the seeds of losses are sown in times of prosperity. But I repeat that banks can exercise—and are exercising—a moderating and conserving influence by judiciously using that enormous power of dispensing credit which is put into their hands.

When I tell you that the banks as a whole are dispensing credit to the people of Canada at this moment to the amount of over two hundred millions, you may form an idea of the importance of this great function.

In respect of progress, there is one department in which the country is steadily gaining ground, and I think nothing demonstrates more plainly how steadily this country is improving—and not retrograding—than the constant increase in the deposits made with the Banks and the Government.

When I first entered a bank in Canada in 1856 the whole deposits of the country were about..... \$ 15,000,000
In 1878 these had increased to... 89,000,000
1890..... 210,000,000
1891..... 230,000,000
1892 and 1893..... 254,000,000
1894..... 270,000,000

The figures included, of course, the deposits in Loan Companies and Savings Banks, both Government and Incorporated. The mercantile loans and discounts of the Banks have grown during the same period from about \$35,000,000 to \$263,000,000 and demonstrate that the increase of deposits has not been the consequence of stagnation and want of enterprise, but has been accompanied by an equal mercantile development.

And further, this steady and extraordinary rise in deposits and discounts has been accompanied by just as steady a development in the way of opening up of lands, improvement of farms, construction of railroads, public works, development of shipping and navigation, improvement of harbours and lighting of our coast, the growth of settlements into villages, and of villages into towns, and of towns into cities; all of which many of us here present have seen with our own eyes. If this statement is not enough to convince the most obstinate pessimist amongst us that the country steadily progresses, in spite of all drawbacks, he must be hard to convince.

As to foreign detractors, we can generally afford to treat them with the contempt they deserve. Their ignorance is generally on a par with their unscrupulousness.

Yet may I be pardoned for a word of caution. Canada needs to be careful of maintaining her high standard of credit at all times. The Dominion cannot afford to trifle with it by allowing its great name to be used in connection with dubious enterprises.

This, I think, is enough for the General Manager to say, but if any stockholders desire to ask questions, he will be glad to answer them so far as he may be able.

THE DISCUSSION

The President having invited remarks from the shareholders, Mr. John Morrison spoke at some length.

Mr. John Crawford, while admitting that in most banks throughout the Dominion, with probably the exception of the Dominion bank, which paid quarterly dividends, business had not been so good as could be desired, was disappointed that the Merchant's bank, which had made very marked progress during the past few years, had not earned more than 9½ per cent. He then went on to speak in favour of banks declaring to the shareholders the amount of the gross losses, and said that the best banks in London, England, did this, being compelled to do so by Royal charter.

The General Manager—Oh, no.

Mr. Crawford—Do you mean to say some of them are not?

The General Manager—Nearly all the Joint Stock Banks of England are organized under a deed of settlement. Whenever a bank is to be organized it deposits certain deeds showing who are the shareholders, how much capital it is proposed to subscribe, and so on.

Mr. Crawford—It is practically the same; they are bound to give it.

The General Manager—No; they give it voluntarily.

Mr. Crawford was pleased to hear that the managers of London banks had so much discretion as not to leave anything to be desired by the shareholders; the information was given voluntarily. He contended that it would be well if the directors, in view of the fact that times had not been so good during the past few years as previously, were not quite so generous to the officers as they had been in the past. He advocated the placing of parallel columns on the financial statement, showing the business of one year as compared with that of the preceding one. It would enable the shareholders without much inconvenience or exertion, to see at a glance whether the institution had progressed or retrograded. He also considered that it would be well if the shareholders were made acquainted with the amount of interest due on interest deposits.

In reply to Mr. Crawford the General Manager said the bank received from 3½ to 4 per cent. for the Dominion Government bonds; it gave more than par for them.

Mr. T. D. Hood disagreed with Mr. Crawford as to the advisableness of reducing salaries; it was the worst thing that could be done, as it heartened the men and made them lose interest in their work. "Pay them," he said, "what is just and right, and look to them for the work, and you can be sure you will get it."

The General Manager—It has been the practice of this and other banks when there has been a really good year, and profits have been good, to let the employees participate in them by giving them a bonus. You may have noticed it over and over again in our own reports, for, fortunately, we have had a number of fairly good years, when the Board conceived that it was a very proper thing to allow the officers a bonus. Meddling with salaries, however, is a different matter, altogether; it is a matter of bargain, and the employee gets what the rate of the market will give him. You cannot possibly deal with salaries by making them go up one year and down the next. If you did you would never get good service. Mr. Hood is quite right in what he says. The first year after the capital of the bank was reduced, which were exceptional times, and exceptional things had to be done, the whole salaries from top to bottom were cut down about 25 per cent. The officials cheerfully acquiesced in this, because they saw that it was necessary under the pressure of the times. By and by times

improved and salaries were restored again. Last year was not a very good year, and the officers felt the effect of it; they got no bonus.

Mr. John Morrison having expressed himself as being opposed to the giving of bonuses, the General Manager, replying to some remarks by Mr. John Crawford, said: "We have a fund as a guarantee against any losses we might suffer through our officers by fraud, etc. It amounts to about \$40,000, which we consider is about sufficient. In addition, we insure our officers in the Guarantee Company for less than would be necessary if we had no guarantee fund of our own. Again, there is a Pension fund accumulating year by year, and which now amounts to about \$20,000. We hope that by and by it will grow, and be a respectable Pension fund."

The motion for the adoption of the report was then carried unanimously.

It was moved by Mr. John Crawford, seconded by Mr. James O'Brien:

"That Messrs. F. S. Lyman and James Willian be appointed scrutineers of the election of Directors, about to take place; that they proceed to take the votes immediately; that the ballot shall close at three o'clock p.m., but if an interval of ten minutes elapse without a vote being tendered, the ballot shall thereupon be closed immediately."

This was concurred in, after which Mr. J. H. R. Molson moved:

"That the thanks of the Stockholders are due and are hereby tendered to the President, Vice-President and Directors for the manner in which they have conducted the institution during the past year, and to the General Manager for his efficient management during the year."

In making the motion, Mr. Molson said that, though such a resolution was annually passed, this year he did not consider that it was a mere matter of form. Since the bank was reorganized, many years ago, it had been steadily progressing. It had a good Board of Directors, and the shareholders knew how efficient the General Manager had been as well. He thought it might be said with truth that they had done their duty very well. The earnings of all banks had during the past year been very much interfered with, owing to the plentitude of money. He was surprised that Mr. Crawford, who might know better, because he knew what was going on in the world, was disappointed at the earnings of the Merchants' Bank being only a trifle over 9 per cent. It was better than he (Mr. Molson) had expected. A short time ago he was reading an extract from a banking paper which gave a statement of the average earnings of the banks in the United States for past 25 years. Beginning 1840 the average earnings that year were 8.8-10 per cent., and they had steadily declined, until last year they were 5 per cent., showing that all over the world there was a superabundance of money, and that banks had a difficulty in earning their dividends. He considered that the Merchants Bank had done exceedingly well, and the Directors and the General Manager were entitled to the thanks of the Shareholders.

Mr. T. D. Hood seconded the motion which was unanimously agreed to.

It was moved by Mr. John Morrison, seconded by Mr. M. Burke—

"That the thanks of the meeting are due and are hereby tendered to the chairman for his efficient conduct of the business of the meeting."

The motion was carried with cheers, and shortly afterwards the Scrutineers reported that the following gentlemen had been duly elected as Directors:—

ANDREW ALLAN,
ROBERT ANDERSON,
HECTOR MACKENZIE,
JONATHAN HODGSON,
JOHN CASSILL,
H. MONTAGU ALLAN,
JAMES P. DAWES,
J. H. DUNN,
SIR JOSEPH HICKSON.

The meeting then adjourned.

The new Board of Directors met in the afternoon, when Mr. Andrew Allan was re-elected President, and Mr. Hector Mackenzie was elected Vice-President, in place of Mr. Robert Anderson.